

FISCAL UPDATE Article

Fiscal Services Division

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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

CHILD CARE PROJECTIONS WORKGROUP

Projections Work Group. Staff from the Department of Management (DOM), the Department of Human Services (DHS), and the Fiscal Services Division of the Legislative Services Agency (LSA) met on September 28, 2017, to discuss the Child Care Assistance (CCA) Program estimated FY 2018 and FY 2019 expenditures. The Projections Workgroup is established in Iowa Code section [234.47](#) to discuss revenues and expenditures and agree on an estimate for the current and upcoming fiscal years.

The [Child Care Assistance Program](#) provides subsidized child care for low-income families with working parents, parents gaining work skills, parents going to school, and parents unable to care for children for a limited time due to physical or mental illness. The following table is the current projected balance sheet.

Child Care Assistance Estimated Budget			
	Actual FY 2017	Projected FY 2018	Projected FY 2019
Revenues			
Funds Carried Forward	\$ 4,073,334	\$ 1,063,700	\$ 500,000
State General Fund Appropriation	31,722,450	39,343,616	39,343,616
Temporary Assistance for Needy Families	49,866,826	47,866,826	47,866,826
Child Care Development Fund	49,753,801	49,939,036	50,283,434
Special Grant Funds	85,944	65,000	0
Total Revenues	\$ 135,502,355	\$ 138,278,178	\$ 137,993,876
Expenditures			
Total Child Care Assistance	\$ 110,766,672	\$ 119,046,405	\$ 122,442,862
Child Care Management Information System	571,558	626,195	643,123
Quality Rating System	1,119,820	1,367,925	1,396,325
Quality Activities & Other	5,620,408	6,534,627	7,906,208
Resource and Referral (Fed & State)	2,741,668	3,872,608	3,872,608
Early Childhood Iowa Grants	6,350,000	5,850,000	5,850,000
Legal Services, Printing, & Postage	264,796	294,215	306,753
General Administrative Costs	1,637,191	1,726,901	1,897,005
Field Operations	5,280,598	5,829,221	6,346,211
Special Grant Funds	85,944	65,000	0
Expenses transferred to CC Facility Fund	0	-222,918	0
Carryforward for Federal Fiscal Year	1,063,700	500,000	500,000
Total Expenditures	\$ 135,502,355	\$ 145,490,179	\$ 151,161,095
Surplus / (Need)		(7,212,001)	(13,167,219)

FY 2018. The estimated FY 2018 General Fund appropriation is an increase of \$7.6 million compared to actual FY 2017. The consensus agreement for FY 2018 is an estimated need of \$7.2 million. The number of CCA subsidy children and children eligible through the Protective Services component continues to increase. Additionally, the CCA Plus Program, which is an exit eligibility component for families previously enrolled in the general CCA Program that are now above the current eligibility threshold but below 85.0% of the State median income, continues to see growth and increased expenditures as this component is fully phased in. Last year, as the DHS implemented the 12-month eligibility for cases up for renewal and new children entering the Program, the longer time frame of eligibility led to a period of slower growth for CCA Plus.

FY 2019. The consensus estimated need for FY 2019 is \$13.2 million. This amount is based on the current General Fund and Temporary Assistance for Needy Families appropriations for FY 2018. The observed caseload growth and cost-per-child trends in the early months of FY 2018 are projected to extend into FY 2019.

Final federal regulations require states to base exit eligibility on reaching a certain income limit established by the State. Effective October 1, 2018, states cannot use a time limit to determine the duration of their exit eligibility programs. The DHS is in the process of assessing future policy changes for FY 2019 to comply with the final federal regulations, including the fiscal impact of these changes and possible waiver applications. This process may involve negotiating exit eligibility criteria that is acceptable to the federal Office of Child Care.

LSA Staff Contact: Kent Ohms (515.725.2200) kenneth.ohms@legis.iowa.gov